



Attorney Docket: YO999-527

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Patent Application

Applicant(s): Tetsunosuke Fujisaki  
Docket No.: YO999-527  
Serial No.: 09/710,999  
Filing Date: November 9, 2000  
Group: 3624  
Examiner: Narayanswamy Subramanian

I hereby certify that this paper is being deposited on this date with the U.S. Postal Service as first class mail addressed to the Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450

Signature: Susan Fujisaki Date: July 21, 2005

Title: Method and Apparatus for Network Marketing of Financial Securities

TRANSMITTAL OF CORRECTED APPEAL BRIEF

Mail Stop Appeal Brief - Patents  
Commissioner of Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Sir:

Submitted herewith are the following documents relating to the above-identified patent application:

1. Response to Notification of Non-Compliance with 37 C.F.R. §41.37; and
2. Corrected Appeal Brief.

We believe there is no additional fee due in conjunction with this submission. In the event of non-payment or improper payment of a required fee, the Commissioner is authorized to charge or to credit **IBM Corporation's Deposit Account No. 50-0510** as required to correct the error. A duplicate copy of this letter is enclosed.

Respectfully,

Kevin M. Mason

Date: July 21, 2005

Kevin M. Mason  
Attorney for Applicant(s)  
Reg. No. 36,597  
Ryan, Mason & Lewis, LLP  
1300 Post Road, Suite 205  
Fairfield, CT 06824  
(203) 255-6560



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RESPONSE TO NOTIFICATION OF NON-COMPLIANCE WITH 37 C.F.R. §41.37

Mail Stop Appeal Brief-Patents  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Sir:

In response to the Notification of Non-Compliance with 37 C.F.R. §41.37, dated June 21, 2005, Applicants submit herewith a Corrected Appeal Brief.

Respectfully submitted,

Dated: July 21, 2005

*Kevin M. Mason*  
Kevin M. Mason  
Attorney for Applicant(s)  
Reg. No. 36,597  
Ryan, Mason & Lewis, LLP  
1300 Post Road, Suite 205  
Fairfield, CT 06824  
(203) 255-6560



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15

CORRECTED APPEAL BRIEF

Mail Stop Appeal Brief - Patents  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Sir:

20

Applicants hereby submit this Corrected Appeal Brief to include an Evidence Appendix and a Related Proceedings Appendix. Applicants hereby appeal the final rejection dated December 20, 2004, of claims 1-5, 17-21, and 32 of the above-identified patent application.

25

REAL PARTY IN INTEREST

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The present application is assigned to International Business Machines Corporation, as evidenced by an assignment recorded on April 17, 2001 in the United States Patent and Trademark Office at Reel 011706, Frame 0713. The assignee, International Business Machines Corporation, is the real party in interest.

RELATED APPEALS AND INTERFERENCES

There are no related appeals or interferences.

### STATUS OF CLAIMS

The present application was filed on November 9, 2000 with claims 1 through 35. Claims 6-16, 22-31, and 33-36 were cancelled in the Amendment and Response to Office Action dated October 14, 2004. Claims 1-5, 17-21, and 32 are  
5 presently pending in the above-identified patent application. Claims 1-5 remain rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Claims 17-21 remain rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention, and claims 1-5, 17-21, and 32 remain rejected under 35 U.S.C.  
10 §103(a) as being unpatentable over Woolston (United States Patent Number 6,266,651 B1) in view of Silverman et al. (United States Patent Number 5,924,082).

### STATUS OF AMENDMENTS

There have been no amendments filed subsequent to the final rejection.

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### SUMMARY OF CLAIMED SUBJECT MATTER

The present invention is directed to a centralized financial market management system and method that permit individual investors to trade over a network (page 6, lines 13-25). The disclosed centralized financial market management system  
20 automatically identifies bids that are in proximity to one another and permits participants to negotiate directly in order to consummate a transaction (page 9, lines 1-16). The disclosed centralized financial market management system permits each participant in the financial security trading market to have a unique definition of its market structure. A participant can establish various market segments, each corresponding to a group of other  
25 market participants, within the push market where bids are posted (page 6, line 26, to page 8, line 26). Thus, the submitter of a bid (buy or sell) can narrowly focus the bid on select market participants (page 7, line 22, to page 8, line 2). A large transaction (buy or sell) can be divided by the bid submitter into smaller units and divided over a number of market segments (page 8, lines 3-9).

30

STATEMENT OF GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

Claims 1-5 are rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Claims 17-21 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claims 1-5, 17-21, and 32 are properly rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al.

ARGUMENTSection 101 Rejections

Claims 1-5 are rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Regarding claim 1, the Examiner asserts that the claim is drawn to a method for processing transactions involving financial securities that is not tied to any technological art and because they lack any recitation of technology in the body of the claims (citing *Ex Parte Bowman*, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001, but recognizing that this case is not precedential).

The Invention Accomplishes a Practical Application

Claim 1 is directed to a method for *processing transactions* involving financial securities in a secondary market and is directed to the technological arts. Applicant also notes that the Supreme Court has stated that the "[t]ransformation and reduction of an article 'to a different state or thing' is the clue to patentability of a process claim." *Gottshalk v. Benson*, 409 U.S. 63, 70, 175 U.S.P.Q. (BNA) 676 (1972). In other words, claims that require some kind of transformation of subject matter, which has been held to include intangible subject matter, such as data or signals, that are representative of or constitute physical activity or objects have been held to comply with Section 101. *See, for example, In re Warmerdam*, 31 U.S.P.Q.2d (BNA) 1754, 1759 n.5 (Fed. Cir. 1994) or *In re Schrader*, 22 F.3d 290, 295, 30 U.S.P.Q.2d (BNA) 1455, 1459 n.12 (Fed. Cir. 1994).

The cited claims require the posting of a received bid only to authorized market segments. This transformation to post bids in this manner is a useful, concrete,

and tangible result. See, e.g., USPTO Examination Guidelines for Computer-Related Inventions,” (hereinafter, “Guidelines”) § II. A.

#### Statutory Process Claims

The Guidelines establish that “[t]o be statutory, a claimed computer-related process must **either**: (A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan (discussed in i) below), or (B) be limited to a practical application within the technological arts (discussed in ii) below). Guidelines, § IV(2)(b). The Examiner has considered only the second portion of this test.

The claimed process clearly results in a physical transformation outside of a computer for which a practical application in the technological arts is either disclosed in the specification or would have been apparent to a person of ordinary skill in the art. Again, the cited claims require the *posting* of a received bid only to authorized market segments. Further, the receiving and posting steps are clearly physical steps recited in the body of the claim.

Thus, Applicant submits that each of the claims 1-5 are in full compliance with 35 U.S.C. §101, and accordingly, respectfully requests that the rejection under 35 U.S.C. §101 be withdrawn.

#### Section 112 Rejections

Claims 17-21 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Regarding claim 17, the Examiner notes that claim 17 recites in the preamble “system for processing transactions involving financial securities” and asserts that it is not clear if the claimed invention is a method or an apparatus.

Claim 17 is clearly directed to a system. Contrary to the Examiner’s assertion, Applicant maintains that the cited claim is definite and distinctly claims the subject matter which applicant regards as the invention.

#### Claims 1, 2, 17, 18, and 32

Claims 1, 2, 17, 18, and 32 are rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al. Regarding claims 1, 17, and 32,

the Examiner notes that Woolston teaches establishing a plurality of market segments in said secondary market (col. 1, lines 51-67, the tiers constitute the market segments and used goods imply secondary markets) and that both Woolston and Silverman are concerned with the problem of processing transactions involving two parties. Regarding  
5 claims 2 and 18, the Examiner asserts that Woolston teaches the step of preventing said bid from being posted to market participants not in said one or more authorized market segments (Woolston: claims 5 and 18). In the Response to Arguments section of the final Office Action, the Examiner asserts that the secondary markets for very illiquid securities are no different from the secondary markets for used and collectible goods.

10 Applicant notes that Woolston is directed to a two-tiered electronic market system for bidding on used and collectible goods (col. 1, lines 43-56). The present invention, on the other hand, is directed to bidding for *financial securities in a secondary market*. Applicant notes that the application of the known techniques cited in Woolston to secondary financial markets is not obvious. In fact, the secondary market for financial  
15 securities is ***substantially different*** from the marketplace for used and collectible goods disclosed by Woolston, as would be apparent to a person of ordinary skill in the art. For example, the secondary market for financial securities is characterized by price fluctuations that make it difficult to post bids and, since each financial security typically has its own set of requirements and risks, the evaluation and comparison of two different  
20 securities is nearly impossible. Regarding the Examiner's assertion that the secondary markets for very illiquid securities are no different from the secondary markets for used and collectible goods, Applicants note that the secondary market for used and collectible goods *are* similar, **in some respects**, to very illiquid securities. The fact that the secondary market for used and collectible goods are very illiquid reduces the  
25 requirements for a bidding system. Thus, while it may be argued that all financial securities are not necessarily liquid, the fact that some, or most, of financial securities are liquid means that the requirements for the bidding system are more stringent than the bidding system for the secondary market for used and collectible goods.

Furthermore, Woolston defines market segments along the lines of  
30 wholesale, retail, etc. (see, Abstract). The present invention defines a market segment as "a group of other market participants to which the respective ***market participant*** is

*willing to announce its bids.*” (Page 4, lines 18-20; emphasis added.) Thus, the segments defined by Woolston are *not* the same type of segments defined by the present invention. Independent claims 1, 17, and 32 require establishing a plurality of market *segments* in a *secondary market* for bidding on *financial securities*, receiving a bid for one or more financial securities, said bid including one or more *authorized market segments*; and posting said bid only to said one or more *authorized market segments*. Claims 2 and 18 require the step of preventing said bid from being posted to market participants not in said one or more *authorized market segments*.

Thus, Woolston does not disclose or suggest establishing a plurality of market segments in a secondary market, receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments, as required by independent claims 1, 17, and 32, and does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments, as required by claims 2 and 18.

#### Claims 3 and 19

Claims 3 and 19 are rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al. Regarding claims 3 and 19, the Examiner asserts that Woolston discloses the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid (Woolston: claim 35).

Applicants note that Woolston teaches to selectively *displace the current retail bid amount* if the *received wholesale bid increased by a predetermined amount is greater than the current retail bid* (Woolston: claim 35). Woolston may teach to displace a current bid based on a received bid; Woolston, however, does *not identify bids* that are in *proximity* to said received bid. Claims 3 and 19 require the step of comparing said bid to other pending bids to *identify pending bids* that are in proximity to said received bid.

Thus, Woolston does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid, as required by claims 3 and 19.



Additional Cited References

Silverman et al. were also cited by the Examiner for its disclosure of the step of establishing a communication channel between entities associated with two bids that are in proximity. Silverman is directed to a matching system that uses trading and ranking information from each user to identify transactions between counterparties that are mutually acceptable based on the ranking information, thereby matching potential counterparties to a transaction. (See, Abstract.) Silverman does not address the issue of establishing a plurality of market segments in a secondary market for financial securities.

Thus, Silverman et al. does not disclose or suggest establishing a plurality of market segments in a secondary market, receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments, as required by independent claims 1, 17, and 32, does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments, as required by claims 2 and 18, and does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid, as required by claims 3 and 19.

Conclusion

The rejections of the cited claims under section §103 in view of Woolston or Silverman et al., alone or in combination, are therefore believed to be improper and should be withdrawn. The remaining rejected dependent claims are believed allowable for at least the reasons identified above with respect to the independent claims.

The attention of the Examiner and the Appeal Board to this matter is appreciated.

Respectfully,

A handwritten signature in black ink, appearing to read "Kevin M. Mason". The signature is fluid and cursive, with the first name "Kevin" and last name "Mason" clearly distinguishable.

Kevin M. Mason  
Attorney for Applicant(s)  
Reg. No. 36,597  
Ryan, Mason & Lewis, LLP  
1300 Post Road, Suite 205  
Fairfield, CT 06824  
(203) 255-6560

Date: July 21, 2005

APPENDIX

1. A method for processing transactions involving financial securities in a secondary market, said method comprising the steps of:

5 establishing a plurality of market segments in said secondary market, each of said market segments having at least one market participant;

receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and

posting said bid only to said one or more authorized market segments.

10 2. The method of claim 1, further comprising the step of preventing said bid from being posted to market participants not in said one or more authorized market segments.

15 3. The method of claim 1, further comprising the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid.

20 4. The method of claim 1, further comprising the step of establishing a communication channel between entities associated with two bids that are in proximity.

5. The method of claim 4, wherein two bids are in proximity if they have parameters that are within a given threshold of each other.

25 6. (Cancelled)

7. (Cancelled)

8. (Cancelled)

30 9. (Cancelled)

10. (Cancelled)

11. (Cancelled)

5 12. (Cancelled)

13. (Cancelled)

14. (Cancelled)

10

15. (Cancelled)

16. (Cancelled)

15 17. A system for processing transactions involving financial securities  
in a secondary market, comprising:

a memory that stores computer-readable code; and

a processor operatively coupled to said memory, said processor configured  
to implement said computer-readable code, said computer-readable code configured to:

20 establish a plurality of market segments in said secondary market, each of  
said market segments having at least one market participant;

receive a bid for one or more financial securities, said bid including one or  
more authorized market segments; and

post said bid only to said one or more authorized market segments.

25

18. The system of claim 17, wherein said processor is further  
configured to prevent said bid from being posted to market participants not in said one or  
more authorized market segments.

19. The system of claim 17, wherein said processor is further configured to compare said bid to other pending bids to identify pending bids that are in proximity to said received bid.

5           20. The system of claim 17, wherein said processor is further configured to establish a communication channel between entities associated with two bids that are in proximity.

10           21. The system of claim 20, wherein two bids are in proximity if they have parameters that are within a given threshold of each other.

22. (Cancelled)

23. (Cancelled)

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24. (Cancelled)

25. (Cancelled)

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26. (Cancelled)

27. (Cancelled)

28. (Cancelled)

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29. (Cancelled)

30. (Cancelled)

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31. (Cancelled)

32. An article of manufacture processing transactions involving financial securities in a secondary market, comprising:

a computer readable medium having computer readable code means embodied thereon, said computer readable program code means comprising:

5 a step to establish a plurality of market segments in said secondary market, each of said market segments having at least one market participant;

a step to receive a bid for one or more financial securities, said bid including one or more authorized market segments; and

10 a step to post said bid only to said one or more authorized market segments.

33. (Cancelled)

34. (Cancelled)

15

35. (Cancelled)

EVIDENCE APPENDIX

There is no evidence submitted pursuant to § 1.130, 1.131, or 1.132 or entered by the Examiner and relied upon by appellant.

RELATED PROCEEDINGS APPENDIX

There are no known decisions rendered by a court or the Board in any proceeding identified pursuant to paragraph (c)(1)(ii) of 37 CFR 41.37.

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